

NORTHWEST UTILITIES AUTHORITY

Saginaw County, Michigan

FINANCIAL STATEMENTS

JUNE 30, 2005

FRANCIS H. MCKENNA
CERTIFIED PUBLIC ACCOUNTANT

Auditing Procedures Report

issued under P.A. 2 of 1963, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Northwest Utilities Authority		County Saginaw
Audit Date 6/30/05	Opinion Date 12/15/05	Date Accountant Report Submitted to State 1/27/06		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 288 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASI GII).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Francis H. McKenna, CPA			
Street Address 300 St. Andrews Rd., Suite 402		City Saginaw	State ZIP MI 48638-5977
Accountant Signature <i>Francis H. McKenna</i>		Date 1/27/06	

NORTHWEST UTILITIES AUTHORITY

at June 30, 2005

CITY OF ZILWAUKEE

JAMES L. COLLISON

CARROLLTON TOWNSHIP

DEBBY LOPEZ

SAGINAW CHARTER TOWNSHIP

GERALD C. FRANCIS

KOCHVILLE TOWNSHIP

DALE KLEIN

SAGINAW COUNTY

JAMES KOSKI

NORTHWEST UTILITIES AUTHORITY

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FRANCIS H. MCKENNA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

December 15, 2005

To the Chairman and Members of the
Northwest Utilities Authority
319 Tittabawassee Road
Saginaw, Michigan 48604-1263

I have audited the accompanying basic financial statements of the ***Northwest Utilities Authority***, Saginaw County, Michigan as of and for the year ended June 30, 2005 and 2004 as listed in the table of contents. These financial statements are the responsibility of the ***Northwest Utilities Authority's*** management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

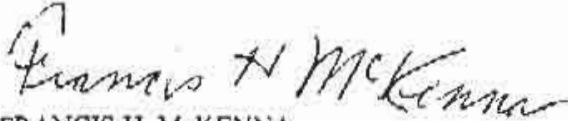
In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the ***Northwest Utilities Authority***, Saginaw County, Michigan at June 30, 2005 and 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The ***Northwest Utilities Authority*** has not presented a management's discussion and analysis, which would be an analysis of the financial performance for the fiscal years. The Governmental Accounting Standards Board has determined that the management's discussion and analysis is necessary to supplement, although is not required to be a part of, the basic financial statements.

My audit was made for the purpose of forming an opinion on the financial statements that comprise the ***Northwest Utilities Authority's*** basic financial statements. The accompanying other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

To the Chairman and Members of the
Northwest Utilities Authority
December 15, 2005
Page 2

As disclosed in Note 10, the Northwest Utilities Authority implemented the provisions of GASB
Statement No. 34 as of July 1, 2003.


FRANCIS H. McKENNA
Certified Public Accountant

NORTHWEST UTILITIES AUTHORITY

Statement of Net Assets

June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash and cash equivalents	\$ 269,537	\$ 532,536
Due from Municipalities:		
City of Zilwaukee	10,078	10,933
Carrollton Township	39,028	38,071
Saginaw Charter Township	60,023	59,418
Kochville Township	<u>15,871</u>	<u>16,578</u>
	125,000	125,000
Accrued interest receivable	0	1,250
Prepaid insurance	2,606	2,116
Capital assets (net of accumulated depreciation):		
Land	66,821	42,800
Buildings	378,620	255,128
Office equipment	2,997	2,997
Equipment, misc	840,837	802,041
Equipment, pump stations	2,222,508	2,136,386
Force mains, sanitary sewer	<u>2,275,072</u>	<u>2,180,900</u>
	5,786,855	5,420,252
Less accumulated depreciation	<u>(1,992,815)</u>	<u>(1,801,125)</u>
	3,794,040	3,619,127
Total Assets	4,191,183	4,280,029
LIABILITIES:		
Accounts payable and other current liabilities	101,436	109,587
Accrued bond interest payable	21,124	23,003
Noncurrent liabilities:		
Due within one year	296,310	233,020
Due in more than one year	<u>2,555,000</u>	<u>2,848,975</u>
Total Liabilities	2,973,870	3,214,585
NET ASSETS:		
Invested in capital assets, net of related debt	1,560,577	1,546,649
Restricted for:		
Debt service	131,409	137,446
Unrestricted (deficit)	<u>(474,673)</u>	<u>(618,651)</u>
Total Net Assets	<u>\$ 1,217,313</u>	<u>\$ 1,065,444</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Assets

For the Fiscal Year ended June 30, 2005 and 2004

	<u>2 0 0 5</u>	<u>2 0 0 4</u>
Operating revenues:		
Charges for services:		
City of Zilwaukee	\$ 119,764	\$ 121,817
Carrollton Township	434,907	441,504
Saginaw Charter Township	677,335	668,369
Kochville Township	<u>177,994</u>	<u>178,310</u>
Total operating revenues	1,410,000	1,410,000
Operating expenses:		
Administrative	\$ 18,263	\$ 62,279
Operation and maintenance	915,932	926,065
Depreciation	<u>191,690</u>	<u>169,675</u>
Total operating expenses	<u>1,125,885</u>	<u>1,158,019</u>
Operating income	284,115	251,981
Nonoperating revenues (expenses):		
Rental income	300	600
Interest earnings	5,442	5,662
Interest expense & paying agent expenses	<u>(137,988)</u>	<u>(148,038)</u>
Total Nonoperating revenue (expenses)	<u>(132,246)</u>	<u>(141,776)</u>
Changes in net assets	151,869	110,205
Total Net Assets, Beginning of Fiscal Year	<u>1,065,444</u>	<u>955,239</u>
Total Net Assets, End of Fiscal Year	<u>\$ 1,217,313</u>	<u>\$ 1,065,444</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Statement of Cash Flows

For the Fiscal Year ended June 30, 2005 and 2004

	<u>2 0 0 5</u>	<u>2 0 0 4</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,410,000	\$ 1,380,429
Payments to City of Saginaw, waste water treatment	(871,980)	(870,079)
Payments to suppliers	(70,856)	(107,873)
Net cash provided by operating activities	\$ 467,164	\$ 402,477
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(366,603)	(159,705)
Principal paid on operating debt to City of Saginaw	(25,685)	(28,020)
Principal paid on capital debt	(205,000)	(195,000)
Interest paid on capital debt	(138,020)	(148,745)
Capital debt paying agent & administration fees	(1,847)	(1,081)
Net cash proved (used) by capital and related financing activities	(737,155)	(532,551)
Cash Flows from Investing Activities:		
Rents received	300	600
Interest received	6,692	5,662
Net cash provided by investing activities	6,992	6,262
Net increase (decrease) in cash and cash equivalents	(262,999)	(123,812)
Cash and cash equivalents, Beginning of Fiscal Year	532,536	656,348
Cash and cash equivalents, End of Fiscal Year	<u>\$ 269,537</u>	<u>\$ 532,536</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (page 2)	\$ 284,115	\$ 251,981
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	\$ 191,690	\$ 169,675
(Increase) decrease in Due from Municipalities	-	(29,571)
(Increase) decrease in accrued interest receivable	-	(1,250)
(Increase) decrease in prepaid insurance	(490)	(292)
Increase (decrease) in accounts payable	(8,151)	1,934
Increase in accounts payable to City of Saginaw	-	10,000
Total adjustments	183,049	150,496
Net cash provided by operating activities, as above	<u>\$ 467,164</u>	<u>\$ 402,477</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Northwest Utilities Authority (the "Authority") conform to accounting principles as applicable to Enterprise Funds of governmental units. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements. The following is a summary of the significant accounting policies used by the Authority.

ORGANIZATION:

The financial data contained in this report includes all activities for which the Northwest Utilities Authority, a municipal joint venture, has oversight responsibility. A five member Board administers the Authority, one person from each constituent municipality and County.

On August 3, 1987, the City of Zilwaukee, Township of Carrollton, Charter Township of Saginaw and Township of Kochville created the "Northwest Utilities Authority". The purpose of this "Authority" is to acquire, own, improve, enlarge, extend and operate a sewage disposal system in accordance with State Act 233, PA 1955, as amended, (from the point of the last pumping station owned by member municipalities).

On July 1, 1989, the Northwest Utilities Authority replaced the "Zilwaukee City, Carrollton Township and Saginaw Township Sewage Disposal System" as operators of the then existing waste water treatment plant servicing the sanitary sewer systems of the City of Zilwaukee, Carrollton Township, Kochville Township and the northeast portion of Saginaw Charter Township. In addition, the member municipalities transferred to the Authority assets of their sewer system (waste water treatment plant and sewer force mains) from the point of the last pumping station owned by the respective member municipalities.

On May 18, 1990, under Act 185, PA 1957, the City of Zilwaukee, the Township of Carrollton, the Township of Kochville, the Charter Township of Saginaw and the Northwest Utilities Authority entered into a contract with the County of Saginaw providing for the bonding for the construction of a sewage transmission system to the City of Saginaw's waste water treatment plant. During October 1991, construction was completed and the sewer flow was diverted to the City of Saginaw waste water treatment plant. The employees of the Authority were also transferred to the City of Saginaw. During fiscal year 1991-92, use of the Zilwaukee sanitary sewer disposal plant had been terminated. Demolition of that plant had been completed in 1995.

The sanitary sewer systems, which provide flow to the City of Saginaw plant, are located in, owned by, and operated separately by the City of Zilwaukee, Carrollton Township, Saginaw Charter Township and Kochville Township. [Located within Saginaw County, Michigan.]

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The accompanying basic financial statements of the Authority are presented as an enterprise/proprietary fund type. An enterprise fund is used to report any governmental activity for which a fee is charged to external users for goods or services. Operating revenue represents fees charged to the constituent municipalities.

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed to the extent that those standards do not conflict with or contradict the standards of the Governmental Accounting Standards Board. In accordance with GASB Statement No. 20, the Authority has elected not to follow subsequent private-sector standards.

The financial activities of the Northwest Utilities Authority are further recorded in separate sub-fund accounts for monthly billing purposes and are reported in the "supplementary financial section". The Authority's individual sub-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including bond interest expense, are recorded only when payment is due.

Charges to constituent municipalities and interest earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Authority.

These sub-fund accounts of the Northwest Utilities Authority are described as follows:

- *OPERATION AND MAINTENANCE FUND:*

Transactions relating to the operations and maintenance of the wastewater transmission / force mains lines, pump stations and service charges to the participating local governmental units are recorded in this fund. The operating and maintenance expenses are pro-rated monthly among the City and Townships based on the average of the past three years metered flow readings. This average is adjusted each January.

- *CAPITAL IMPROVEMENT FUND (Repair and Maintenance):*

Transactions related to the major repair and improvement to the force mains and related pump stations are recorded in this fund, including payments on installment purchase agreements related to such improvements. Effective July 1, 1993, a monthly service charge is prorated among the participating governmental units based on the average of the past three years metered flow readings. This average is adjusted each January.

- *DEBT SERVICE FUND:*

The debt service fund account is used to account for the accumulation of resources from the City of Zilwaukee, Carrollton Township, Kochville Township, and Saginaw Charter Township, and the related semi-annual transfer to Saginaw County for bond principal and interest payments on the County's 1997 Northwest Utilities Sewer Improvements Project and Refunding Bonds (General Obligation Limited Tax).

The Authority bills the City of Zilwaukee and the three Townships monthly, an amount allocated on the pro-rata share of the average of the past three years of metered flow readings. The first \$28,000 portion is specifically allocated for debt service on the Saginaw County bond issue. Next, the monthly paid expenses of the Operation & Maintenance Fund are met. The Capital Improvement Fund (repair and replacement) is allocated the remainder portion, if any.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY:

- *Cash Equivalents and Investments:*

The organization's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the Authority to invest in U.S. government obligations, certificates of deposits, commercial paper, repurchase agreements, bankers acceptances, and with some restrictions, mutual funds. An Attorney General's opinion states that public funds may not be deposited in financial institutions located in states other than Michigan.

All investments, if any, are stated at cost or amortized cost and are made in accordance with P.A. 217, 1982 of the State of Michigan.

- *Receivables and payables:*

Activity between funds that are representative of non-transferred monthly billing allocation outstanding at the end of the fiscal year are referred to as "due to/from other funds". "Receivables from municipalities" represent current billings receivable.

- *Prepaid items:*

Insurance payments reflecting costs applicable to future accounting periods are recorded as prepaid items in the basic financial statements. The individual sub-fund statements normally do not divide expenditures between fiscal years by the recording of prepaid expenses. Payments for inventorial types of supplies are not significant and are expensed at the time of purchase.

- *Capital Assets:*

Capital assets, include property, pump stations, equipment, and force mains, are reported in the "Net Asset" (basic) financial statement. Within the supplementary financial section, capital assets are not capitalized in the individual funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the individual fund statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance, repairs and replacements that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property, buildings, equipment and force mains are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50 - 100
Force mains	75
Equipment, pump stations	20
Office equipment	5
Computer equipment	5
Other equipment	10 - 50

- *Comparative Data:*

Comparative total data for the prior fiscal year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. Also, certain amounts presented in prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 2: CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Authority is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Authority's Board has designated Citizens Bank for the deposit of the Authority's funds. The investment policy adopted by the board, in accordance with Public Act 196 of 1997, has authorized investments bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

Deposits are carried at cost. The bank carrying value of deposits held by the respective depository accounts equates to the Authority's value of \$ 269,537. Approximately \$100,000 was covered by federal depository insurance and \$169,537 was uninsured and uncollateralized at June 30, 2005. Michigan statutes do not require uninsured deposits to be collateralized.

The credit risk of deposits and investments held by the Authority are classified as Category 1 – Insured or collateralized by the Authority or by its agent in the Authority's name. The deposits are summarized as follows:

Demand accounts – money market/checking	\$ 269,537
Certificates of deposits	<u>0</u>
	<u>\$ 269,537</u>

The Authority had no category 2 or 3 risk classifications or investments other than the cash deposits mentioned above.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 3: RECEIVABLES FROM MUNICIPALITIES

The receivables from municipalities are based upon monthly billings as follows:

Advance payments 11/10/01:		
City of Zilwaukee	\$ (9,427.53)	
Carrollton Township	(33,900.69)	
Saginaw Charter Township	(53,220.82)	
Kochville Township	<u>(13,450.96)</u>	\$ (110,000.00)
Billing period 6/07/05 (May expenses)(Invoiced 07/01/05):		
City of Zilwaukee	9,794.39	
Carrollton Township	36,515.63	
Saginaw Charter Township	56,543.87	
Kochville Township	<u>14,646.11</u>	117,500.00
Billing period 7/07/05 (June expenses)(Invoiced 08/01/05):		
City of Zilwaukee	9,711.38	
Carrollton Township	36,413.25	
Saginaw Charter Township	56,699.62	
Kochville Township	<u>14,675.75</u>	<u>117,500.00</u>
Total Due from Municipalities		<u><u>\$ 125,000.00</u></u>
Recap:		
City of Zilwaukee	\$ 10,078.24	
Carrollton Township	39,028.19	
Saginaw Charter Township	60,022.67	
Kochville Township	<u>15,870.90</u>	
	<u>\$ 125,000.00</u>	

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 4: RISK MANAGEMENT

The authority is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters. The authority manages its liability and property risk by participating in the Michigan Municipal Liability and Property Pool. This insurance provider is a public entity risk pool providing coverage to its members. This provider is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Management believes such coverage is sufficient to preclude any significant uninsured losses to the authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 5: USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 6: LONG-TERM DEBT:

The following is a summary of long-term debt transactions of the Northwest Utilities Authority for the fiscal year ended June 30, 2005:

	Balance July 1, 2 0 0 4	(Revision) (Adjustment)	(Payments)	Balance June 30, 2 0 0 5
\$3,690,000 Saginaw County Northwest Utilities Sewer Improvements Project and Refunding Bonds (General Obligation Limited Tax), dated December 18, 1997; due in annual installments of \$205,000 to \$290,000 from May 1, 2005 through May 1, 2016; interest Ranging 4.5% to 5.5%. See also Note 8.	2,970,000	-	(205,000)	2,765,000
\$280,088 City of Saginaw for fiscal years ending June 1997 through June 2000 unpaid wastewater treatment service charges, "payment agreement" dated June 19, 2000; due in monthly installments of \$2,335 from July 2001 through May 2008 and \$2,250 June 2008; Non-interest bearing. See also Note 7.	111,995	-	(25,685)	86,310
TOTAL LONG-TERM DEBT	\$ 3,081,995	\$ -	\$ (230,685)	\$ 2,851,310

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 6: LONG-TERM DEBT -- continued:

The summary of annual debt service requirements to maturity, including principal and interest requirements, is as follows:

<u>Fiscal Year</u>	<u>1997 County Bonds</u>	<u>2000 City of Saginaw Agreement</u>	<u>TOTAL</u>
2005/06	336,745	86,310	423,055
2006/07	335,195	-	335,195
2007/08	330,075	-	330,075
2008/09	329,950	-	329,950
2009/10	324,375	-	324,375
2010/11	323,575	-	323,575
2011/12	322,325	-	322,325
2012/13	320,625	-	320,625
2013/14	318,475	-	318,475
2014/15	310,875	-	310,875
2015/16	303,050	-	303,050
	<u>\$ 3,555,265</u>	<u>\$ 86,310</u>	<u>\$ 3,641,575</u>
SUMMARY:			
Principal	\$ 2,765,000	\$ 86,310	\$ 2,851,310
Interest	<u>790,265</u>	<u>-</u>	<u>790,265</u>
	<u>\$ 3,555,265</u>	<u>\$ 86,310</u>	<u>\$ 3,641,575</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 7: LONG-TERM DEBT – 2000 City of Saginaw Agreement – repayment:

Based upon the billing percentages (3 year averages) in effect during the fiscal years ending June 1997 through June 2000, each municipality's allocated share of the City of Saginaw's unpaid wastewater treatment service charges, amortized monthly over the ten-year period starting July 2000, is as follows:

	BALANCE UNPAID AT 06/30/2000	Less Excess FY 2000/01 Service Charges	Less FY 2000/01 11 Monthly \$3,300 Debt Payment Total	BALANCE UNPAID AT 06/30/2001	Less Monthly Payments Thru 6/15/2005	Final Payment August 2005
City of Zilwaukee	\$ 32,416	\$ 4,337	\$ 4,092	\$ 23,987	\$ 12,972	\$ 11,015
Carrollton Township	98,186	15,166	12,584	70,436	38,822	31,614
Saginaw Charter Township	117,829	22,457	15,477	79,895	45,637	34,258
Kochville Township	31,657	5,773	4,147	21,737	12,314	9,423
	<u>\$ 280,088</u>	<u>\$ 47,733</u>	<u>\$ 36,300</u>	<u>\$ 196,055</u>		
	*			*		
Less FY 2001/02 payments				(28,020)		
Less FY 2002/03 payments				(28,020)		
Less FY 2003/04 payments				(28,020)		
Less FY 2004/05 payments (11 x 2,335)				(25,685)		
				<u>(109,745)</u>	<u>\$ 109,745</u>	
DEBT UNPAID at June 30, 2005				<u>\$ 86,310</u>		<u>\$ 86,310</u>

The \$2,335 monthly installment amount is billed and paid through the Operation and Maintenance Fund.

* = Totals per City of Saginaw 3/25/02-revision memorandum based on their FY 2000/01 audit.

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS -- continued

June 30, 2005

NOTE 8: LONG-TERM DEBT – 1997 Sewer Improvement and Refunding Bonds:

The detailed future principal & interest requirements of the 1997 Sewer Improvement and Refunding Bonds are as follows:

Payment Date	Principal Due	Interest Rate	Interest Due	Total Payment	Fiscal Year Total
11/01/05			63,372.50	63,372.50	
05/01/06	210,000.00	5.50%	63,372.50	273,372.50	336,745.00
11/01/06			57,597.50	57,597.50	
05/01/07	220,000.00	4.60%	57,597.50	277,597.50	335,195.00
11/01/07			52,537.50	52,537.50	
05/01/08	225,000.00	4.50%	52,537.50	277,537.50	330,075.00
11/01/08			47,475.00	47,475.00	
05/01/09	235,000.00	4.50%	47,475.00	282,475.00	329,950.00
11/01/09			42,187.50	42,187.50	
05/01/10	240,000.00	4.50%	42,187.50	282,187.50	324,375.00
11/01/10			36,787.50	36,787.50	
05/01/11	250,000.00	4.50%	36,787.50	286,787.50	323,575.00
11/01/11			31,162.50	31,162.50	
05/01/12	260,000.00	4.50%	31,162.50	291,162.50	322,325.00
11/01/12			25,312.50	25,312.50	
05/01/13	270,000.00	4.50%	25,312.50	295,312.50	320,625.00
11/01/13			19,237.50	19,237.50	
05/01/14	280,000.00	4.50%	19,237.50	299,237.50	318,475.00
11/01/14			12,937.50	12,937.50	
05/01/15	285,000.00	4.50%	12,937.50	297,937.50	310,875.00
11/01/15			6,525.00	6,525.00	
05/01/16	290,000.00	4.50%	6,525.00	296,525.00	303,050.00
	<u>\$ 2,765,000.00</u>		<u>\$ 790,265.00</u>	<u>\$ 3,555,265.00</u>	<u>\$ 3,555,265.00</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 9: ANALYSIS OF FISCAL YEAR 2004-05 CHARGES TO MUNICIPALITIES:

(Includes the 8/07/2004 through the 7/07/2005 billing dates)

<u>MONTHLY BILLING (#)</u>	<u>TOTAL CHARGES INVOICED FY 2004/05</u>	<u>OPERATION & MAINT FD Revenue FYE 6/05 (Page 18)</u>	<u>CAPITAL IMPROVEMENT FUND (Page 21)</u>	<u>DEBT SERVICE FUND (Page 23)</u>
City of Zilwaukee:	\$ 119,764.47 =	\$ 81,495.20	\$ 9,936.07	\$ 28,333.20
Carrollton Township:	434,906.62 =	295,352.27	36,200.75	103,353.60
Saginaw Charter Twp:	677,334.77 =	458,836.32	56,689.25	161,809.20
Kochville Township	<u>177,994.14 =</u>	<u>120,589.34</u>	<u>14,900.80</u>	<u>42,504.00</u>
TOTALS	<u>\$ 1,410,000.00</u>	<u>\$ 956,273.13</u>	<u>\$ 117,726.87</u>	<u>\$ 336,000.00</u>

A detail of the monthly billings is presented on the last pages in the supplementary information section (Page 26).

(#) = Monthly allocation percentages used are as follows:

	<u>Year 2004 six months</u>	<u>Year 2005 six months</u>	<u>Year 2006</u>
City of Zilwaukee	8.60%	8.27%	9.02%
Carrollton Township	30.53	30.99	28.76
Saginaw Charter Township	48.06	48.25	48.85
Kochville Township	<u>12.81</u>	<u>12.49</u>	<u>13.37</u>
	<u>100.00%</u>	<u>100.000%</u>	<u>100.00%</u>

NORTHWEST UTILITIES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

NOTE 10: ACCOUNTING CHANGE:

Effective for the fiscal year ended June 30, 2004, the Authority implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The most significant change as a result of the implementation of GASB Statement No. 34 was (a) the inclusion of capital assets of the sanitary sewer system in the statement of net assets, and (b), the presentation of the basic financial statements in conformity with accounting principles as applicable to Enterprise Funds. The Authority has elected not to present a management’s discussion and analysis.

SUPPLEMENTARY

FINANCIAL

DATA

NORTHWEST UTILITIES AUTHORITY

Combining Balance Sheet

June 30, 2005

	OPERATION AND MAINTENANCE FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	CAPITAL ASSETS	LONG-TERM DEBT	ADJUSTMENTS	TOTAL (Page 1)
Assets:							
Cash and cash equivalents	\$ 117,580	\$ 48,548	\$ 103,409	\$ -	\$ -	-	\$ 269,537
Due from Municipalities	125,000	-	-	-	-	-	125,000
Due from Operation and Maintenance Fund	-	12,258	28,000	-	-	(40,258)	-
Prepaid insurance	-	-	-	-	-	2,606 A	2,606
Capital assets (net of accumulated depreciation)	-	-	-	3,794,040	-	-	3,794,040
Total Assets	<u>\$ 242,580</u>	<u>\$ 60,806</u>	<u>\$ 131,409</u>	<u>\$ 3,794,040</u>	<u>\$ -</u>	<u>\$ (37,652)</u>	<u>\$ 4,191,183</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ 77,322	\$ 23,812	\$ 302	\$ -	\$ -	\$ -	\$ 101,436
Due to other funds	40,258	-	-	-	-	(40,258)	-
Accrued bond interest payable	-	-	-	-	-	21,124 B	21,124
Noncurrent liabilities	-	-	-	-	2,851,310	-	2,851,310
Total Liabilities	<u>117,580</u>	<u>23,812</u>	<u>302</u>	<u>-</u>	<u>2,851,310</u>	<u>(19,134)</u>	<u>2,973,870</u>
Fund Balance:							
Invested in capital assets, net of related debt	-	-	-	5,250,577	(3,690,000)	-	1,560,577
Restricted for debt service	-	-	131,107	-	-	-	131,107
Unrestricted	125,000	36,994	-	(1,456,537)	838,690	(18,518)	(474,371)
Total Fund Balance / Net Assets	<u>125,000</u>	<u>36,994</u>	<u>131,107</u>	<u>3,794,040</u>	<u>(2,851,310)</u>	<u>(18,518)</u>	<u>1,217,313</u>
Total Liabilities and Fund Balances	<u>\$ 242,580</u>	<u>\$ 60,806</u>	<u>\$ 131,409</u>	<u>\$ 3,794,040</u>	<u>\$ -</u>	<u>\$ (37,652)</u>	<u>\$ 4,191,183</u>

Adjustments:

A = Prepaid insurance are not financial resources and is not reported in the O & M fund.

B = Bond interest not due and payable in the current period has not been reported in the funds.

The accompanying notes are an integral part of these financial statements.

See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended June 30, 2005

	OPERATION AND MAINTENANCE FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	CAPITAL ASSETS	LONG-TERM DEBT	ADJUSTMENTS	TOTAL (Page 2)
Revenues:							
Service charge	\$ 956,273	\$ 117,727	\$ 336,000	\$ -	\$ -	\$ -	\$ 1,410,000
Interest earned	1,069	1,845	2,528	-	-	-	5,442
Rents	300	-	-	-	-	-	300
Total revenue	<u>957,642</u>	<u>119,572</u>	<u>338,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,415,742</u>
Expenses:							
Administration	18,732	-	-	-	-	-	18,732
Operation, maintenance & replacements	913,225	2,728	-	-	-	(490) E	915,463
Depreciation	-	-	-	191,690	-	-	191,690
Capital outlay	-	366,603	-	(366,603) C	-	-	-
Debt service	25,685	-	344,867	-	(230,685) D	(1,879) F	137,988
Total expenses	<u>957,642</u>	<u>369,331</u>	<u>344,867</u>	<u>(174,913)</u>	<u>(230,685)</u>	<u>(2,369)</u>	<u>1,263,873</u>
Excess (deficiency) of revenues over (under) expenses	-	(249,759)	(6,339)	174,913	230,685	2,369	151,869
Fund Balance, July 1, 2004	<u>125,000</u>	<u>286,753</u>	<u>137,446</u>	<u>3,619,127</u>	<u>(3,081,995)</u>	<u>(20,887)</u>	<u>1,065,444</u>
Fund Balance / Net Assets, June 30, 2005	<u>\$ 125,000</u>	<u>\$ 36,994</u>	<u>\$ 131,107</u>	<u>\$ 3,694,040</u>	<u>\$ (2,851,310)</u>	<u>\$ (18,518)</u>	<u>\$ 1,217,313</u>

Adjustments:

C = Capital acquisitions expensed by the Capital Improvement Fund are reclassified as "capital assets" to be depreciated over their estimated useful lives.

D = Principal payments on long-term debt are not deemed to be a current expense, but a reduction of long-term debt, having no effect on net assets.

E = Increase in the amount of prepaid insurance paid from financial resources in current year, to be applied/expensed in future fiscal years.

F = Decrease in the amount of unpaid bond interest applicable to the current fiscal year.

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY
OPERATION AND MAINTENANCE FUND
 BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	<u>2 0 0 5</u>	<u>2 0 0 4</u>
Cash, checking	\$117,580	\$117,605
Due from municipalities:		
City of Zilwaukee	\$ 10,078	\$ 10,933
Carrollton Township	39,028	38,071
Saginaw Charter Township	60,023	59,418
Kochville Township	<u>15,871</u>	<u>16,578</u>
	<u>125,000</u>	<u>125,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 242,580</u>	<u>\$ 242,605</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 2,322	\$ 10,689
Accounts payable – due to City of Saginaw	75,000	75,000
Due to Capital Fund	12,258	3,916
Due to Debt Service Fund	28,000	28,000
Advances from municipalities:		
City of Zilwaukee	\$ 0	\$ 0
Carrollton Township	0	0
Saginaw Charter Township	0	0
Kochville Township	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
	117,580	117,605
FUND BALANCE:		
Balance, beginning of year	125,000	125,000
Add: Excess of Revenue over Expenditures	<u>0</u>	<u>0</u>
Balance , end of fiscal year	<u>125,000</u>	<u>125,000</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 242,580</u>	<u>\$ 242,605</u>

The accompanying notes are an integral part of these financial statements.
 See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

OPERATION AND MAINTENANCE FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2004 (with comparable totals for the fiscal year ended June 30, 2003)

	2003 -- 2004				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2004	2004
	Percent	Amount	Percent	Amount		
REVENUE:						
Service charges:						
City of Zilwaukee	8.60%	\$ 39,691	8.265%	\$ 38,768	\$ 78,459	\$ 83,347
Carrollton Township	30.53	140,902	30.990	145,364	286,266	303,574
Saginaw Charter Twp	48.06	221,807	48.255	226,348	448,155	461,868
Kochville Township	12.81	59,121	12.490	58,586	117,707	123,194
	<u>100.000%</u>	<u>\$ 461,521</u>	<u>100.000%</u>	<u>\$ 469,066</u>	930,587	971,983
Service charges (debt service):						
City of Zilwaukee	(276 x 11)				3,036	3,312
Carrollton Township	(826 x 11)				9,086	9,912
Saginaw Charter Twp	(971 x 11)				10,681	11,652
Kochville Township	(262 x 11)				2,882	3,144
					956,272	1,000,003
Interest earned					1,070	1,266
Rents					300	600
TOTAL REVENUE					957,642	1,001,869
EXPENDITURES (Page 19)					957,642	1,001,869
Excess (Deficiency) Of Revenue Over Expenditures					-	-
Other Financing Sources (Uses):						
Transfer from Capital Fund					-	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					-	-
FUND BALANCE, Beginning Of Fiscal Year					125,000	125,000
FUND BALANCE, End Of Fiscal Year					\$ 125,000	\$ 125,000

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

OPERATION AND MAINTENANCE FUND

STATEMENT OF APPROPRIATIONS AND EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 2005 (with comparable totals for the fiscal year ended June 30, 2004)

	2005			2004
	ORIGINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
ADMINISTRATION:				
Salaries and wages:				
Clerical	\$ 1,500	\$ 1,500	\$	\$ 1,500
Administrator	1,500	1,500		1,500
Treasurer	6,000	6,000		6,000
Office supplies	400	131		502
Audit	3,900	3,708		3,190
Consultation fees	500	-		-
Engineering fees	-	1,812		28,475
Legal fees	9,000	3,215		10,717
Telephone	400	809		670
Printing	400	-		9,561
Insurance and bonds	100	-		-
Dues	100	-		-
Miscellaneous	-	57		121
Bank service charges	-	-		-
Total administration expenses	23,800	18,732	5,068	62,236
OPERATION AND MAINTENANCE EXP:				
Operations manager	25,000	11,919		12,288
Engineering fees	25,000	-		2,923
Telephone	5,000	4,241		4,445
Travel - mileage	-	913		906
Insurance	5,800	7,742		6,347
Utilities:				
Electricity & Gas	1,550	1,692		1,438
Water	1,800	1,953		1,700
Maintenance service contract	1,500	786		-
Repairs and maintenance	12,500	9,617		1,275
Rent, easements	2,000	-		-
Miscellaneous	6,250	47		212
Contingencies	4,800	-		-
Saginaw City waste treatment expense	871,980	874,315		871,980
Saginaw City waste treatment 2002-03	-	-		8,099
Capital Outlay	-	-		-
Debt service (Note 7) - Saginaw City waste treatment expenses prior years	28,020	25,685		28,020
Total operation and maintenance expense	991,200	938,910	52,290	939,633
TOTAL APPROPRIATIONS AND EXPENDITURES	\$ 1,015,000	\$ 957,642	\$ 57,358	\$ 1,001,869

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	<u>2 0 0 5</u>	<u>2 0 0 4</u>
Cash, checking – money market	\$ 48,548	\$ 105,890
Cash, Treasury Portfolio Sweep Class	-	-
Certificates of deposit	-	200,000
Due from Operation and Maintenance Fund	12,258	3,916
Accrued interest receivable	-	845
<u>TOTAL ASSETS</u>	<u>\$ 60,806</u>	<u>\$ 310,651</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 23,812	\$ 23,898
FUND BALANCE:		
Balance, beginning of year	\$ 286,753	\$ 408,377
Add: Excess (deficiency) of revenue over expenditures	<u>(249,759)</u>	<u>(121,624)</u>
Balance , end of fiscal year	<u>36,994</u>	<u>286,753</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 60,806</u>	<u>\$ 310,651</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

CAPITAL IMPROVEMENT FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2005 (with comparable totals for the fiscal year ended June 30, 2004)

	2004 -- 2005				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2005	2004
	Percent	Amount	Percent	Amount		
REVENUE:						
Service charges:						
City of Zilwaukee	8.60%	\$ 5,286	8.265%	\$ 4,650	\$ 9,936	\$ 6,346
Carrollton Township	30.53	18,767	30.990	17,434	36,201	23,085
Saginaw Charter Twp	48.06	29,542	48.255	27,147	56,689	35,182
Kochville Township	12.81	7,874	12.490	7,027	14,901	9,384
	<u>100.00%</u>	<u>\$ 61,469</u>	<u>100.00%</u>	<u>\$ 56,258</u>	117,727	73,997
Interest earned					1,845	2,769
Refunds, Saginaw County					-	-
Total revenue					<u>119,572</u>	<u>76,766</u>
EXPENDITURES:						
Administration, miscellaneous & bank service charges					-	43
Maintenance:						
Repairs & maintenance / replacements						
Zilwaukee - Jones St pump station equipment					1,898	-
Zilwaukee - Edison St pump station equipment					830	-
Force main break at Schust					-	1,750
Various Carrollton Twp maintenance					-	12,994
Capital outlay:						
Carrollton Twp – Sherman St					85,312	21,145
Carrollton Twp – Tulane/N Mich. Upgrades					811	12,217
Carrollton Twp – Carrollton Road					-	13,224
Data logging hardware replacement & SCADA computers					-	113,324
Pig retrieval chamber, valves, 30" pipe, etc					132,967	13,143
Templeton land					24,021	-
Building - Storage facility					123,492	10,550
Total Expenditures					<u>369,331</u>	<u>198,390</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					(249,759)	(121,624)
FUND BALANCE, BEGINNING OF FISCAL YEAR					<u>286,753</u>	<u>408,377</u>
FUND BALANCE, END OF FISCAL YEAR					<u>\$ 36,994</u>	<u>\$ 286,753</u>

The accompanying notes are integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

DEBT SERVICE FUND

BALANCE SHEET

<u>ASSETS</u>	JUNE 30,	
	<u>2 0 0 5</u>	<u>2 0 0 3</u>
Cash, checking	\$ -	\$ -
Cash, (bank sweep account) Treasury Portfolio Sweep Class	103,409	9,041
Certificates of deposit	-	100,000
Due from Operation and Maintenance Fund	28,000	28,000
Accrued interest receivable	<u>-</u>	<u>405</u>
<u>TOTAL ASSETS</u>	<u>\$ 131,409</u>	<u>\$ 137,446</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 302	\$ 0
FUND BALANCE:		
Balance, beginning of year	\$ 137,446	\$ 144,645
Add: Excess (deficiency) of revenue over expenditures	<u>(6,339)</u>	<u>(7,199)</u>
Balance , end of fiscal year	<u>131,107</u>	<u>137,446</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 131,409</u>	<u>\$ 137,446</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

DEBT SERVICE FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE FISCAL YEAR ENDED JUNE 30, 2005 (with comparable totals for the fiscal year ended June 30, 2004)

	2004 -- 2005				TOTALS (Memorandum Only)	
	1 st six months		2 nd six months		2005	2004
	Percent	Amount	Percent	Amount		
REVENUE:						
Service charges:						
City of Zilwaukee	8.60%	\$ 14,448	8.265%	\$ 13,885	\$ 28,333	\$ 28,812
Carrollton Township	30.53	51,290	30.990	52,064	103,354	104,932
Saginaw Charter Twp	48.06	80,741	48.255	81,068	161,809	159,668
Kochville Township	12.81	21,521	12.490	20,983	42,504	42,588
	<u>100.00%</u>	<u>\$ 168,000</u>	<u>100.00%</u>	<u>\$ 168,000</u>	336,000	336,000
Interest earned					2,528	1,627
TOTAL REVENUE					<u>338,528</u>	<u>337,627</u>
EXPENDITURES – Debt Service:						
1997 County Bonds:						
Principal					205,000	195,000
Interest					138,020	148,745
Paying agent fees					300	300
County administration fees					<u>1,547</u>	<u>781</u>
TOTAL EXPENDITURES					<u>344,867</u>	<u>344,826</u>
Excess (Deficiency) Of Revenue Over Expenditures					(6,339)	(7,199)
Other Financing Sources (Uses):						
Operating transfers					<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES					(6,339)	(7,199)
FUND BALANCE (DEFICIT), BEGINNING OF FISCAL YEAR					<u>137,446</u>	<u>144,645</u>
FUND BALANCE, END OF FISCAL YEAR					<u>\$ 131,107</u>	<u>\$ 137,446</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY
3-YEAR AVERAGE COMPUTATION WORKSHEET

JUNE 30, 2005

	FY 2001-2002		FY 2002-2003		FY 2003-2004		6/30/2004 3 YEAR TOTAL	<u>2 0 0 5</u> 6/30/2004 3 YEAR AVER.		FY 2004-2005		6/30/2005 3 YEAR TOTAL	<u>2 0 0 6</u> 6/30/2005 3 YEAR AVER.	
	GALLONS	PCT	GALLONS	PCT	GALLONS	PCT		PCT		GALLONS	PCT		PCT	
Zilwaukee City	93,431,000	8.313%	67,238,000	7.951%	86,611,000	8.47%	247,280,000	8.26%		103,307,601	10.50%	257,156,601	9.020%	
Carrollton Twp	387,343,490	34.465%	222,354,034	26.294%	317,498,803	31.06%	927,196,327	30.99%		280,429,313	28.51%	820,282,150	28.760%	
Saginaw Twp	514,080,782	45.741%	440,194,585	52.054%	489,472,895	47.88%	1,443,748,262	48.25%		463,318,243	47.10%	1,392,985,723	48.850%	
Kochville Twp	129,031,000	11.481%	115,867,000	13.701%	128,811,000	12.60%	373,709,000	12.49%		136,578,000	13.89%	381,256,000	13.370%	
TOTALS	1,123,886,272	100.000%	845,653,619	100.000%	1,022,393,698	100.01%	2,991,933,589	100.00%		983,633,157	100.00%	2,851,680,474	100.000%	

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

COMPARISON OF CONSUMPTION THROUGH JUNE 30, 2005

LAST TEN YEARS

	<u>City of Zilwaukee</u>		<u>Carrollton Township</u>		<u>Saginaw Charter Twp</u>		<u>Kochville Township</u>		<u>TOTALS</u>	
	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>	<u>GALLONS</u>	<u>%</u>
FY 1995-96	145,190,100	13.52	389,282,322	36.28	425,570,442	39.66	113,066,400	10.54	1,073,109,264	100.00
FY 1996-97	113,609,000	11.03	377,616,936	36.67	416,315,447	40.43	122,170,600	11.87	1,029,711,983	100.00
FY 1997-98	102,381,000	9.76	330,498,349	31.51	492,275,007	46.93	123,735,400	11.80	1,048,889,756	100.00
FY 1998-99	70,095,000	7.71	267,284,766	29.41	459,987,609	50.61	111,562,200	12.27	908,929,575	100.00
FY 1999-00	69,446,000	7.81	276,742,683	31.13	429,303,104	48.30	113,376,500	12.76	888,868,287	100.00
FY 2000-01	89,156,000	9.53	277,349,803	29.64	442,045,667	47.23	127,253,000	13.60	935,804,470	100.00
FY 2001-02	93,431,000	8.31	387,343,490	34.47	514,080,782	45.74	129,031,000	11.48	1,123,886,272	100.00
FY 2002-03	67,238,000	7.95	222,354,034	26.30	440,194,585	52.05	115,867,000	13.70	845,653,619	100.00
FY 2003-04	86,611,000	8.47	317,498,803	31.05	489,472,895	47.88	128,811,000	12.60	1,022,393,698	100.00
FY 2004-05	103,307,601	10.50	280,429,313	28.51	463,318,243	47.10	136,578,000	13.89	983	

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

NORTHWEST UTILITIES AUTHORITY

SUMMARY OF MONTHLY BILLINGS

FOR THE FISCAL YEAR 2003 - 2004

	8/7/2003	9/7/2003	10/7/2003	11/7/2003	12/7/2003	1/7/2004	6 mos Sub-total 1/7/2004	2/7/2004	3/7/2004	4/7/2004	5/7/2004	6/7/2004	7/7/2004	6 mos Sub-total 7/7/2004	GRAND TOTAL
CITY OF ZILWAUKEE:															
O & M Expenses	6,693.28	6,888.77	6,582.77	6,958.54	7,427.18	7,146.49	41,697.03	7,396.61	6,826.47	6,970.80	6,662.03	6,634.36	7,159.41	41,649.68	83,346.71
Capital Fd	759.33	563.84	869.84	494.07	25.43	306.12	3,018.63	99.58	669.72	525.39	834.16	861.83	336.78	3,327.46	6,346.09
B & I acct	2,394.00	2,394.00	2,394.00	2,394.00	2,394.00	2,394.00	14,364.00	2,408.00	2,408.00	2,408.00	2,408.00	2,408.00	2,408.00	14,448.00	28,812.00
Sub-total	9,846.61	9,846.61	9,846.61	9,846.61	9,846.61	9,846.61	59,079.66	9,904.19	9,904.19	9,904.19	9,904.19	9,904.19	9,904.19	59,425.14	118,504.80
Saginaw WWTP	276.00	276.00	276.00	276.00	276.00	276.00	1,656.00	276.00	276.00	276.00	276.00	276.00	276.00	1,656.00	3,312.00
Total	10,122.61	10,122.61	10,122.61	10,122.61	10,122.61	10,122.61	60,735.66	10,180.19	10,180.19	10,180.19	10,180.19	10,180.19	10,180.19	61,081.14	121,816.80
CARROLLTON TWSP:															
O & M Expenses	24,996.05	25,726.14	24,583.36	25,986.70	27,736.82	26,688.56	155,717.63	26,257.95	24,233.96	24,746.33	23,650.22	23,551.99	25,415.90	147,856.35	303,573.98
Capital Fd	2,835.73	2,105.64	3,248.42	1,845.08	94.96	1,143.22	11,273.05	353.52	2,377.51	1,865.14	2,961.25	3,059.48	1,195.57	11,812.47	23,085.52
B & I acct	8,940.40	8,940.40	8,940.40	8,940.40	8,940.40	8,940.40	53,642.40	8,548.40	8,548.40	8,548.40	8,548.40	8,548.40	8,548.40	51,290.40	104,932.80
Sub-total	36,772.18	36,772.18	36,772.18	36,772.18	36,772.18	36,772.18	220,633.08	35,159.87	35,159.87	35,159.87	35,159.87	35,159.87	35,159.87	210,959.22	431,592.30
Saginaw WWTP	826.00	826.00	826.00	826.00	826.00	826.00	4,956.00	826.00	826.00	826.00	826.00	826.00	826.00	4,956.00	9,912.00
Total	37,598.18	37,598.18	37,598.18	37,598.18	37,598.18	37,598.18	225,589.08	35,985.87	35,985.87	35,985.87	35,985.87	35,985.87	35,985.87	215,915.22	441,504.30
SAGINAW TWSP:															
O & M Expenses	36,777.79	37,852.00	36,170.57	38,235.37	40,810.40	39,268.06	229,114.19	41,334.99	38,148.85	38,955.41	37,229.93	37,075.29	40,009.44	232,753.91	461,868.10
Capital Fd	4,172.33	3,098.12	4,779.55	2,714.75	139.72	1,682.06	16,586.53	556.51	3,742.65	2,936.09	4,661.57	4,816.21	1,882.06	18,595.09	35,181.62
B & I acct	13,154.40	13,154.40	13,154.40	13,154.40	13,154.40	13,154.40	78,926.40	13,456.80	13,456.80	13,456.80	13,456.80	13,456.80	13,456.80	80,740.80	159,667.20
Sub-total	54,104.52	54,104.52	54,104.52	54,104.52	54,104.52	54,104.52	324,627.12	55,348.30	55,348.30	55,348.30	55,348.30	55,348.30	55,348.30	332,089.80	656,716.92
Saginaw WWTP	971.00	971.00	971.00	971.00	971.00	971.00	5,826.00	971.00	971.00	971.00	971.00	971.00	971.00	5,826.00	11,652.00
Total	55,075.52	55,075.52	55,075.52	55,075.52	55,075.52	55,075.52	330,453.12	56,319.30	56,319.30	56,319.30	56,319.30	56,319.30	56,319.30	337,915.80	668,368.92
KOCHVILLE TWSP:															
O & M Expenses	9,816.80	10,103.53	9,654.72	10,205.86	10,893.20	10,481.51	61,155.62	11,017.50	10,168.26	10,383.24	9,923.34	9,882.12	10,664.19	62,038.65	123,194.27
Capital Fd	1,113.69	826.96	1,275.77	724.63	37.29	448.98	4,427.32	148.34	997.58	782.60	1,242.50	1,283.72	501.65	4,956.39	9,383.71
B & I acct	3,511.20	3,511.20	3,511.20	3,511.20	3,511.20	3,511.20	21,067.20	3,586.80	3,586.80	3,586.80	3,586.80	3,586.80	3,586.80	21,520.80	42,588.00
Sub-total	14,441.69	14,441.69	14,441.69	14,441.69	14,441.69	14,441.69	86,650.14	14,752.64	14,752.64	14,752.64	14,752.64	14,752.64	14,752.64	88,515.84	175,165.98
Saginaw WWTP	262.00	262.00	262.00	262.00	262.00	262.00	1,572.00	262.00	262.00	262.00	262.00	262.00	262.00	1,572.00	3,144.00
Total	14,703.69	14,703.69	14,703.69	14,703.69	14,703.69	14,703.69	88,222.14	15,014.64	15,014.64	15,014.64	15,014.64	15,014.64	15,014.64	90,087.84	178,309.98
TOTALS	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	705,000.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	705,000.00	1,410,000.00
															1,410,000.00

NORTHWEST UTILITIES AUTHORITY

SUMMARY OF MONTHLY BILLINGS

FOR THE FISCAL YEAR 2004 - 2005

	8/7/2004	9/7/2004	10/7/2004	11/7/2004	12/7/2004	1/7/2005	6 mos Sub-total 1/7/2005	2/7/2005	3/7/2005	4/7/2005	5/7/2005	6/7/2005	7/7/2005	6 mos Sub-total 7/7/2005	GRAND TOTAL
CITY OF ZILWAUKEE:															
O & M Expenses	6,628.70	6,368.66	6,463.92	6,501.48	7,275.23	6,452.76	39,690.75	6,829.96	6,844.32	6,205.20	6,223.83	6,281.10	6,384.04	38,768.45	78,459.20
Capital Fd	867.49	1,127.53	1,032.27	994.71	220.96	1,043.43	5,286.39	374.23	359.87	998.99	980.36	923.09	1,013.14	4,649.68	9,936.07
B & I acct	2,408.00	2,408.00	2,408.00	2,408.00	2,408.00	2,408.00	14,448.00	2,314.20	2,314.20	2,314.20	2,314.20	2,314.20	2,314.20	13,885.20	28,333.20
Sub-total	9,904.19	9,904.19	9,904.19	9,904.19	9,904.19	9,904.19	59,425.14	9,518.39	9,518.39	9,518.39	9,518.39	9,518.39	9,711.38	57,303.33	116,728.47
Saginaw WWTP	276.00	276.00	276.00	276.00	276.00	276.00	1,656.00	276.00	276.00	276.00	276.00	276.00	0.00	1,380.00	3,036.00
Total	10,180.19	10,180.19	10,180.19	10,180.19	10,180.19	10,180.19	61,081.14	9,794.39	9,794.39	9,794.39	9,794.39	9,794.39	9,711.38	58,683.33	119,764.47
CARROLLTON TWSP:															
O & M Expenses	23,531.89	22,608.76	22,946.93	23,080.25	25,827.09	22,907.28	140,902.20	25,609.25	25,663.07	23,266.68	23,336.54	23,551.28	23,937.25	145,364.07	286,266.27
Capital Fd	3,079.58	4,002.71	3,664.54	3,531.22	784.38	3,704.19	18,766.62	1,403.18	1,349.36	3,745.75	3,675.89	3,461.15	3,798.80	17,434.13	36,200.75
B & I acct	8,548.40	8,548.40	8,548.40	8,548.40	8,548.40	8,548.40	51,290.40	8,677.20	8,677.20	8,677.20	8,677.20	8,677.20	8,677.20	52,063.20	103,353.60
Sub-total	35,159.87	35,159.87	35,159.87	35,159.87	35,159.87	35,159.87	210,959.22	35,689.63	35,689.63	35,689.63	35,689.63	35,689.63	36,413.25	214,861.40	425,820.62
Saginaw WWTP	826.00	826.00	826.00	826.00	826.00	826.00	4,956.00	826.00	826.00	826.00	826.00	826.00	0.00	4,130.00	9,086.00
Total	35,985.87	35,985.87	35,985.87	35,985.87	35,985.87	35,985.87	215,915.22	36,515.63	36,515.63	36,515.63	36,515.63	36,515.63	36,413.25	218,991.40	434,906.62
SAGINAW TWSP:															
O & M Expenses	37,043.64	35,590.46	36,122.80	36,332.69	40,656.73	36,060.41	221,806.73	39,876.56	39,960.36	36,228.90	36,337.67	36,672.05	37,273.05	226,348.59	448,155.32
Capital Fd	4,847.86	6,301.04	5,768.70	5,558.81	1,234.77	5,831.09	29,542.27	2,184.91	2,101.11	5,832.57	5,723.80	5,389.42	5,915.17	27,146.98	56,689.25
B & I acct	13,456.80	13,456.80	13,456.80	13,456.80	13,456.80	13,456.80	80,740.80	13,511.40	13,511.40	13,511.40	13,511.40	13,511.40	13,511.40	81,068.40	161,809.20
Sub-total	55,348.30	55,348.30	55,348.30	55,348.30	55,348.30	55,348.30	332,089.80	55,572.87	55,572.87	55,572.87	55,572.87	55,572.87	56,699.62	334,563.97	666,653.77
Saginaw WWTP	971.00	971.00	971.00	971.00	971.00	971.00	5,826.00	971.00	971.00	971.00	971.00	971.00	0.00	4,855.00	10,681.00
Total	56,319.30	56,319.30	56,319.30	56,319.30	56,319.30	56,319.30	337,915.80	56,543.87	56,543.87	56,543.87	56,543.87	56,543.87	56,699.62	339,418.97	677,334.77
KOCHVILLE TWSP:															
O & M Expenses	9,873.68	9,486.35	9,628.24	9,684.18	10,836.72	9,611.61	59,120.78	10,321.38	10,343.07	9,377.25	9,405.40	9,491.95	9,647.51	58,586.56	117,707.34
Capital Fd	1,292.16	1,679.49	1,537.60	1,481.66	329.12	1,554.23	7,874.26	565.53	543.84	1,509.66	1,481.51	1,394.96	1,531.04	7,026.54	14,900.80
B & I acct	3,586.80	3,586.80	3,586.80	3,586.80	3,586.80	3,586.80	21,520.80	3,497.20	3,497.20	3,497.20	3,497.20	3,497.20	3,497.20	20,983.20	42,504.00
Sub-total	14,752.64	14,752.64	14,752.64	14,752.64	14,752.64	14,752.64	88,515.84	14,384.11	14,384.11	14,384.11	14,384.11	14,384.11	14,675.75	86,596.30	175,112.14
Saginaw WWTP	262.00	262.00	262.00	262.00	262.00	262.00	1,572.00	262.00	262.00	262.00	262.00	262.00	0.00	1,310.00	2,882.00
Total	15,014.64	15,014.64	15,014.64	15,014.64	15,014.64	15,014.64	90,087.84	14,646.11	14,646.11	14,646.11	14,646.11	14,646.11	14,675.75	87,906.30	177,994.14
TOTALS															
	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	705,000.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	117,500.00	705,000.00	1,410,000.00
															1,410,000.00